

Message Text

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PAGE 01 ROME 05118 281905Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 FRB-01 OMB-01 COME-00

CIAE-00 INR-07 NSAE-00 XMB-04 /034 W

-----290325Z 012675 /66

R 281714Z MAR 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3647

TREASURY DEPT WASHDC

UNCLAS ROME 5118

PASS FRB

E.O. 11652 N/A

TAGS: EFIN, IT

SUBJ: INTEREST RATES UP AT MARCH BILL AUCTION, BUT TREASURY
FAILS TO RAISE NEW CASH

REF: ROME 3112

1. NOTWITHSTANDING HIGHER INTEREST RATES, THE TREASURY
FAILED TO REFUND MATURING BILLS AT REGULAR MONTHLY
BILL AUCTION HELD MARCH 25, AS BANKS AND OTHER PRIVATE INVESTORS
PURCHASED 3,071 BILLION LIRE OF 4,250 BILLION LIRE OF BILLS
OFFERED, AS 3,202 BILLION LIRE OF BILLS MATURED IN THEIR PORT-
FOLIOS.

2. BANKS AND OTHER PRIVATE INVESTORS PURCHASED 1,882 BILLION
LIRE OF THREE-MONTH BILLS (OF 2,000 BILLION OFFERED), 955
BILLION LIRE OF SIX-MONTH BILLS (OF 1,500 OFFERED) AND 234
BILLION LIRE OF TWELVE-MONTH BILLS (OF 750 BILLION OFFERED).
INTEREST RATES (COMPOUND) ON THREE MONTH, SIX MONTH, AND TWELVE
MONTH BILL WERE 18.23, 18.64, AND 16.69, RESPECTIVELY. BILLS
IN RESIDUAL AMOUNT OF 1,179 BILLION LIRE WHICH WERE NOT PLACED
WITH UNOFFICIAL PURCHASERS WERE TAKEN UP BY BANK OF ITALY.

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3. BANK OF ITALY WILL SHORTLY PURCHASE DIRECTLY FROM THE TREASURY
AND ADDITIONAL UNSPECIFIED AMOUNT OF BILLS (REPORTEDLY IN RANGE
2500-2750 BILLION LIRE) TO REPLACE TOTAL AMOUNT OF 3,048 BILLION
LIRE MATURING ON ITS BOOKS AND TO MEET CURRENT TREASURY REQUIREMENTS
FOR NEW FINANCING.

4. MARCH BILL AUCTION WAS NOTABLY LESS SUCCESSFUL THAN THOSE

OF JANUARY AND FEBRUARY, AT WHICH BANKS AND OTHER PRIVATE
INVESTORS INCREASED THEIR TOTAL HOLDINGS OF BILLS AT STABLE OR
SLIGHTLY LOWER INTEREST RATES.GARDNER

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 28-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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